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National Association of Credit Men (U.S.)

A builder of conscience and commerce

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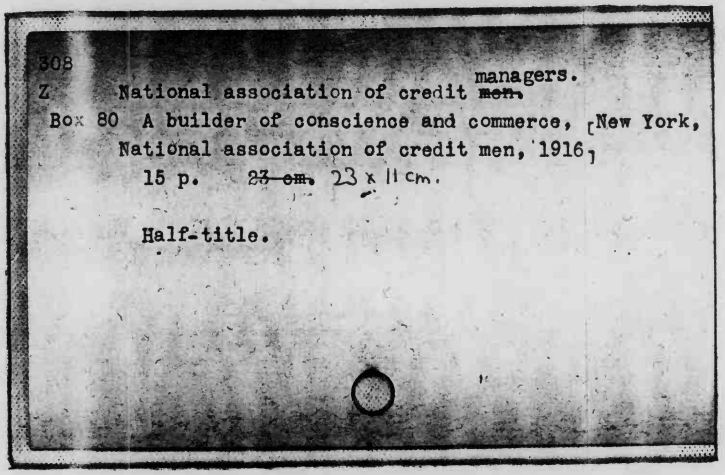

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A Builder *of* Conscience *and* Commerce

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Nowadays, as we all realize, a man cannot accomplish much by working alone. Things are too big. Working together with other men, however, he can accomplish almost any desired end.

It is conceivable that a thousand men separately might think out more or less definitely a plan for bringing about a certain condition of affairs, yet be unable individually to make one forward step; while one man may bring to perfection an idea and by organizing the aforesaid thousand, make it a practical reality in the life of a community.

As transactions among men become more complex, the need of organization becomes greater. New conditions are bringing new problems, and perhaps old problems in new forms, which can be successfully met only through organized effort.

All this applies especially in matters commercial and more particularly in the United States on account of its rapid commercial development. In the last analysis the prosperity of all men rests upon the stability of commerce, and commercial stability upon the soundness of credit. Hence whatever conduces to the betterment of credit conditions, advantages not only those actively engaged in commerce but all men everywhere whose lives are touched by it at any point.

Without organization many perplexing subjects would continue to vex and hamper business for years to come. Crudities and demoralizing practices in the field of credit,—which when compared with all else is found the most delicate element of commerce,—can only be removed through unity of sentiment and association of talent and energy. It is to point out how these important facts have been concretely recognized by the National Association of Credit Men that this leaflet is published.

How *the* Association Does Its Work

The National Association of Credit Men not only stands for things but does things. It has never been content to stop with the adoption of ponderous resolutions. Its success in various fields of activity has been so marked that it has constantly to refuse to lend its aid to various worthy causes lest it divert its strength from the well defined purposes which it originally set out to accomplish.

The work of the Association is directed by annual conventions and carried on by standing committees whose names indicate their duties.

They are:—

Legislative
Membership
Bankruptcy Law
Adjustment Bureau
Credit Department Methods
Mercantile Agency
Credit Co-operation
Investigation and Prosecution
Fire Insurance
Business Literature
Banking and Currency

Each committee is made up of credit men picked from every part of the country, who in various ways have shown themselves especially qualified to initiate and carry on the work of their respective committees. What makes the work of these men especially effective is the peculiar organization of the Association with its branches established in seventy-five of the country's trade centers, each with its complete directory of officers and local committees to correspond with those of the National Association. The national committees therefore have definite, responsible bodies of workers to treat with and supplement their efforts in every part of the country. No one can doubt the merits of the plan and results have proven its practical effectiveness.

The Place *of the* National Association *of* Credit Men *in* Commerce

There is not a practical business man anywhere who should willingly withhold his approval of the purposes and objects which gave rise to the National Association of Credit Men. The remarkable article which expresses the designs of the Association as adopted at the initial meeting of 1896 carries us back to the chaotic and totally intolerable (from our present view) conditions surrounding credit granting then existing:—

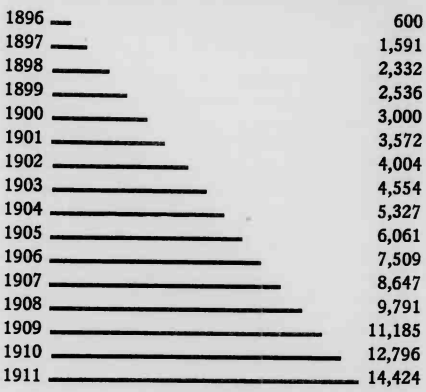
> *"The object of this Association shall be the organization of individual credit men and of associations of credit men throughout the United States, in one central body for the purpose of rendering more uniform, and establishing more firmly the basis upon which credits in every branch of commercial enterprise may be founded, which shall include a demand for the reform of the laws unfavorable to honest debtors and creditors, and the enactment of laws beneficial to commerce throughout the several states; the improvement of existing methods for the diffusion of information, the gathering and dissemination of data in relation to the subject of credits; the amendment of business customs, whereby all commercial interests may be benefited and the welfare of all may be advanced; the provision of a fund for the protection of members against injustice and fraud, and such other objects as the members of this Association may determine."*

It is upon this article that the largest commercial organization in the country has been built, its members representing an enormous capital, many of them distributing almost solely on credit terms, perhaps several times the amount of their capital yearly. Its members, trustees of large interests, have come together not in search of profits in the ordinary shareholders' sense but because they see in association the means of increasing their efficiency, and a power to bring about laws, customs and conditions not only worth while but absolutely vital if the country is to secure its highest commercial development free so far as possible from credit upheavals and convulsions.

The National Association of Credit Men means much to the stability of the country.

The Association's Composition *and* Power *of* Influence

The membership in general is confined to bankers, manufacturers, wholesalers and jobbers. The growing confidence in which the Association is held by the leading business interests of the country is best indicated by its uninterrupted growth in membership as follows:—(June first of each year taken)



Today over 15,000 of the largest concerns located in every state of the United States are united to carry out the purposes of this organization which means that membership therein implies working with a vast body of representative business houses along the same lines and toward the same important ends.

Probably every branch of legitimate manufacture and trade appears in this membership list, invariably by the leaders in their respective lines. However diverse their interests may be in other respects, it is realized that the establishment of sounder credit conditions is of advantage to all. Impossible as it is to get together on most questions because of this diversity, it is appreciated that the Association presents a common ground of activity. That is the explanation of the fact that it is extending its roots deeply into every line of business.

The Association's Legislative Work

The Association has been instrumental in having enacted laws making more hazardous dishonest practices among both debtors and creditors. In all legislation which it has recommended, the impelling motive has been greater simplicity, uniformity, safety and stability in the extension of credits. Briefly this legislative effort covers—

(1) The bulk sales law, now on the statute books of all but six states. (It regulates the transfer with proper protection to creditors, of stocks of goods in bulk thus safeguarding honest retailers.)

(2) A law penalizing the giving of a false written statement in order to secure credit. (In this matter is co-operating with the American Bankers' Association.)

(3) Laws to place greater responsibility upon collection agencies.

(4) A law to punish the vicious practice of issuing checks without sufficient funds to cover them for the purpose of securing credit.

(5) Amendments to the over liberal exemption laws of the several states, to regulate the doing of business under a fictitious name and to give greater clearness and uniformity to the lien and conditional sales laws of the various states.

(6) A law calling for the recording of chattel mortgages with county recorders as well as town clerks.

(7) Laws for the elimination of the bucket shop.

(8) Measures providing for more prompt and business-like administration of our lower courts.

In all these important directions the Association has made substantial progress by arousing its members in the various states to active efforts in securing by every legitimate means favorable action upon the Association's measures. The organization is now recognized both in state and national legislative halls as a powerful force working not for the good alone of its great membership but for surer justice for all business interests.

Credit Department Methods

The credit department as it is known today has come into being during the life of this Association. It came because specialization meant efficiency and efficiency security, for credit granting can no longer be a matter of guess-work; haphazard methods mean failure more certain than formerly. Modern business has grown to such size and complexity as to require scientific methods in its administration and as a consequence the demands upon the credit man have become such as to call for a training more and more exacting.

Also the steadying influence which the developing of the credit department has exerted upon general business can not be exaggerated:—Through it:—

(1) Inquiries into the credit standing of customers have become more searching,

(2) The property statement as a basis for credit granting has been developed and put into common use,

(3) Mercantile agencies have been induced to provide prompter, fuller and more exact information,

(4) Better bookkeeping systems throughout the trade are being insisted upon.

(5) Earnest campaigns have been inaugurated looking to the elimination of abuses such as unearned discounts, unfair claims, cancellations, etc., which are eating close to the heart of profits,

(6) Dangerous tendencies such as overselling have been discouraged,

(7) The retailer is being educated to the necessity of protecting his credit standing, to the essentials of successful merchandising and to the fact that his interests and those of his creditors are not hostile.

It is becoming recognized by all credit men, whether in banking, manufactures or trade that they are responsible for controlling credits with such wisdom that periods of prosperity shall not rise to recklessness nor periods of depression descend to panic.

For the convenience of its members, the Association has established a Legal Bureau which is prepared to furnish without charge, opinions on legal points arising in the extension of credits.

Credit Co-operation

The great development of the credit system of doing business in this country and the narrowing of profit, have necessitated the liberal exchange of information among credit grantors. Cheap credit, credit where it is unsafe and undeserved will thrive only where creditors are scattered or suspicious toward each other. Regulated, systematic, sound credit granting, business expansion built on safe lines can exist only where creditors are willing, honestly and fairly, to exchange confidences regarding customers.

Recognizing the advantage of exact, uncolored facts in determining the degree of hazard accompanying each risk, over sixty per cent. of the local associations of credit men have established "bureaus for the exchange of credit information" by means of which the strength and weakness in the standing of a customer can be determined with an exactness not possible through any other means. Many members have also cordially acknowledged the almost priceless advantage of membership, because brought into touch by means of the "Membership List" with thousands of concerns engaged in banking, manufacturing and trades throughout the land. This list has been the means of solving many a problem in connection with credits or collections which otherwise might have cost much time and annoyance. An inquiry by one member to another is almost certain to bring a satisfactory acknowledgment, if the inquirer has exhibited in fair degree a willingness to reciprocate for the favor he is asking.

Bankruptcy Law

The Association stands for one national bankruptcy law as opposed to as many insolvency laws as there are states. It takes the ground that in the present high development of interstate business, stability in credit granting demands that no matter how scattered the creditors of a failed estate may be, the rights therein shall be based strictly upon proportionate interest. It believes that nothing can work greater demoralization and be unfairer to creditors and debtor alike than the principle "to the swift and precipitate belong the spoils" and that the ideal for which all should work is, that in break-downs of the credit system of doing business, there should be all possible incentive for unity of action among all interests.

As weaknesses in the law have presented themselves, amendments have been sought, the last being enacted June 25, 1910.

Recently the Association has given its attention particularly to bettering the administration of the law throughout the entire country with a view to eliminating abuses which can in no way be charged against the law itself. It is opposing excessive costs in bankruptcy proceedings and working for prompter obedience to referees' orders, speedier election of trustees, earlier payment of dividends and to prevent the discharge of bankrupts not entitled thereto. This work is being carried on through its Bankruptcy Law Bureau which has to its credit several administrative reforms.

Adjustment Bureau

The demand for economy in the administration of business affairs finds a fit response in the adjustment bureaus of the Association organized now in connection with nearly fifty branches of the National Association. They are both the inspection department and salvage corps for our break-downs in trade, prepared to investigate where loss appears imminent, and to make the most of remnants of an estate, through economic management as opposed to wasteful abandonment of good assets to the mercies of drawn out court processes. The bureaus are merely mediums through which creditors take care of their own interests, watching every detail of expense of liquidation, securing through proper bids a fair realization on assets or conducting a business as frequently happens, until it can with safety be returned to the original owner. These bureaus are in a sense a sequel to the national bankruptcy act which makes unity of action among creditors as against opposition the thing to be striven for in all cases of business embarrassment.

Such institutions as the adjustment bureaus attain success directly in proportion to the support and loyalty which they receive from the membership; hence bureaus in some centers of trade are doing more effective work than in others. There are bureaus which have had such intelligent administration and have won for themselves such complete confidence that failure cases gravitate with almost unerring certainty to their control, resulting unquestionably in large savings to creditors. There are other bureaus which do not have so fortunate a record to their credit and yet, with difficult problems still to be solved, these adjustment bureaus, as a whole, have proved conclusively that they are an important mechanism in commerce; they fully justify the steadily increasing confidence which members are placing in them.

Investigation *and* Prosecution of Fraud

In the investigation and prosecution of fraud no one will dispute the necessity of organization, for the main reliance of the commercial swindler is lack of concerted action among creditors. The punishment of fraud in its elusive and multitudinous forms is so costly and difficult, that the tendency is to let such creditors as will carry on the fight; compromising and temporizing become the rule with the result that the crook is soon at large again to put through more steals.

Recognizing its duty, the National Association of Credit Men has done what it could to protect its members against the commercial swindler but systematic far-reaching work meant great expense which had to wait for growth in members. In the meanwhile the Association has endeavored to interest its members in raising funds for prosecution work at its local association centers with the result that several leading trade districts have materially checked fraud within their borders.

A plan of nation-wide prosecution of fraudulent failures is now being worked out and mercantile houses will, in a few years, have through the National Association of Credit Men a force as effective in protecting against commercial fraud as the banks in their national organization have established against bank swindlers.

In the meantime through co-operation with district attorneys and the post office department, the Association has been instrumental in placing several dangerous operators behind the bars and its local associations without other assistance have a splendid record of pr secutions to their credit. The Association also is in constant touch with its members warning them against suspicious names.

The work of prosecuting fraud calls for intense effort maintained through a long period. This alone is reason why men single-handed are impotent and can achieve real results only through permanent organization. In this Association, backed up and sustained by a great national membership, lies the only opportunity for effective national prosecution work.

Fire Insurance

Business men are only right now beginning to realize that sound fire insurance is at the very foundation of our credit system and that our tremendous annual waste of created resources by fire is burdening our commerce and keeping us from attaining our rightful place among the nations. In this awakening the National Association of Credit Men has been a leading national power. It has in fact been the agency through which banks and business men have definitely brought to bear their influence on these problems.

The Association is showing the retailer the importance of carrying enough sound insurance, is showing him how excessive fire losses raise premium rates, is encouraging a study of methods of reducing the hazards of fire. It is arousing its own members to the investigation of conditions in their communities and urging them to insist that local authorities raise the standards of fire protection and eliminate conditions of danger.

The Association has gone to the legislatures of states and asked for fire marshal laws to the end that causes of fire shall be determined, incendiaries punished, conditions endangering life and property be officially investigated and removed and the people shall be educated as to common causes of fire.

Its series of leaflets "Burning Subjects," taking up different phases of fire problems, has produced a profound impression upon the business world.

Its campaign to save waste in energy and materials alone entitles the Association to the support of every business man in the land.

Banking *and* Currency

The fact that the Association's membership is made up of both business men and bankers, all interested in developing the soundest possible credit conditions, has equipped it both for a study of correct banking provisions and for bringing pressure to bear for their adoption. Attention has been directed by the Association mainly to state banking systems on account of whose growth in power and resources, there has been need of stricter rules for examination and general conduct. The main weaknesses of the banking laws of the various states have been brought to light and a systematic effort made to enact laws which would bring all states up to a high standard of safety. The co-operative effort which business men and banks are putting into this problem is going to give commerce more stable bank conditions.

In this study of banking, questions of currency, pressing forward for solution have not been overlooked and from all over the land, the many points of view on various currency proposals are being gathered with a view to advancing that general education of the people in this problem which must precede any definite step.

Among the banking questions which have been given earnest study by the Association is the improvement of the bank draft as a means of collecting accounts. The value of this instrument to the credit man is well recognized but its usefulness is seriously impaired by abuses on the side of both banker and business man. Therefore efforts are being made to correct these abuses which when completed will give the business world a really effective collection instrument, satisfactory alike to banker and business man.

Business Literature

Working in conjunction with all other departments in order to give members the advantage of knowing about the activities of each, is the Business Literature Committee which has charge of the Association's Monthly Bulletin and general communications to members. The publications of this committee form the most distinct body of literature on topics of vital interest to credit grantors issued. They treat every phase of business with which credit is related. They present throughout the year instructive practical articles, suggestions and warnings from which all members may, if they will, secure information which, by turning attention to new lines of thought or by safeguarding against real dangers, will make for a more profitable business.

Over and over our members have acknowledged that the regular literature of the Association is more than worth the price of membership. Again and again warnings issued have saved members the equivalent of their dues for years to come.

Besides the regular publications the Association issues much special literature upon which members are constantly drawing to their acknowledged advantage.

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National Association *of* Credit Men

1911-1912

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41 Park Row, New York, N. Y.

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